

# IS SOCIAL SECURITY REALLY GOING BANKRUPT?

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## RHETORIC

White House Press Secretary Scott McClellan recently stated:

*"We know that in 2018 the benefits being paid out are going to exceed the taxes coming into the system, and then by 2042 you're going to have a system that goes bankrupt. That's the crisis...facing Social Security today."* [FDCH 1/11/05]

And at a recent press conference, President Bush said:

*"If you have a child who is 25 years old, when that person gets near retirement, the system will be bankrupt."* [FDCH 1/26/05]

The White House is using this argument to justify their proposal to radically overhaul Social Security, a proposal which includes benefit cuts of almost 50 percent and forces the U.S. government to borrow an additional \$2 trillion dollars from foreign countries.

## REALITY

But is what the White House says true? Here's what David Walker, the Comptroller General of the United States, has to say:

*"Does Social Security have a financing problem? Yes. Will Social Security ever go bust? No."*  
[USA Today, 1/27/05]

And here's why:

- **The Social Security Trust Fund is running a surplus, and will have enough money for another 50 years.** Social Security now runs a surplus, raising more in taxes than it pays in benefits. In 2018, the Trust Fund will start paying out more in benefits than it collects in taxes and will need to begin drawing on its interest earnings and reserves to help pay for benefits. But according to the non-partisan Congressional Budget Office, the reserves in the Social Security Trust Fund won't be depleted until 2052.
- **And even after 2052, the system won't be "bankrupt."** Even after 2052, the tax dollars from workers will still be coming in to pay benefits for retirees, and will cover 80 percent of the cost of the benefits retirees were promised. Because Social Security will always have money coming in, it can never go bankrupt.
- **In this case, the Republican cure is worse than the disease.** Republicans tell us that the potential for a 20 percent reduction in benefits is a "crisis" facing Social Security. But their plan to fix the "crisis" would guarantee a 46 percent cut in benefits! Democrats want to address the challenge facing Social Security. But the Republican plan would only make the problem worse.